

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201515041**
Release Date: 4/10/2015
Date: **1/14/2015**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

T = School
U = Scholarship Program
V = Scholarship Program
W = Scholarship Program

Dear _____ :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures will not be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

Your purpose is to engage in charitable activities by enhancing access to higher education. Specifically, you provide for three scholarship funds to students pursuing studies at T in the fields of liberal arts, science, or business administration. Your three scholarship funds are known as U, V, and W.

The number of scholarships that will be awarded each year and the amount of each scholarship will vary depending on the amount of funds available to be distributed. You

are required to annually distribute the greater of the net income of the trust or the amount that must be distributed to satisfy Code Section 4942.

The scholarships are publicized on the website of T.

You will maintain case histories showing recipients of your scholarships including names, addresses, purposes of scholarships, amount of each scholarship and a relationship (if any) to officers, trustees, or donors of funds to you. You will maintain such information and documentation until the applicable statute of limitations period expires.

Students from T with demonstrated financial need are eligible to apply.

Applicants are required to submit the following:

- Name
- Essay
- Letter of Recommendation
- Transcripts
- Mid-Year Report
- Testing Records
- Application Fee
- Planned Course of Study
- Personal Information
- High School
- Nationality Information
- Self-Reported Test Scores
- Permanent Mailing Address
- Activities
- Current Mailing Address

Your advisory trustee awards scholarships upon the recommendation of the scholarship advisory committee of T. The scholarship advisory committee shall give approximately equal weight to the character, academic excellence, and financial need of the students who apply for the scholarships. The recommendations of the T scholarship advisory committee shall be subject to the approval of your advisory trustee. All scholarships are awarded on an objective and non-discriminatory basis. No scholarship may be awarded to any disqualified person as defined in Code Section 4946.

Your scholarship advisory committee reviews the applicants and makes a recommendation to your trustee regarding the amount that should be awarded to each applicant. Your trustee makes the final determination as to the amount awarded. Scholarships are not renewable, applicants must reapply each year.

You pay the scholarship proceeds directly to T. You provide a letter to T annually requesting a written report showing the disposition of funds for the three scholarships. You provide a letter to T specifying that their acceptance of the funds constitutes their agreement to refund any unused portion of the scholarship if a scholarship recipient fails

to meet any term or condition of the scholarship. If T will not agree to such terms you will obtain the needed reports and grade transcripts from the scholarship recipient.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b) (1) (A) (ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c) (2) (B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations